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THE BOSTON CONSOLIDATED GAS COMPANY: ITS RELATION TO THE PUBLIC, ITS EMPLOYEES AND INVESTORS

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The fact that gas for illumination could be obtained from coal is said to have been discovered in the seventeenth century, but nothing practical was done before the year 1804 or 1805, when gas was used in a limited way for lighting in Manchester, England. In 1807 experiments were made in the City of London for street lighting. The first company organized for the manufacture and distribution of gas, however, was not incorporated until 1810, when the Gas Light and Coke Company of London obtained permission to do business. In 1813 London Bridge was lighted with gas. The task was a hard one, but after many attempts it was successfully accomplished, and within a few years some of the streets in the vicinity of London Bridge were lighted in the same way.

In 1820 Paris took up the problem of using gas for her public street lighting. As soon as the two leading cities of the old world, London and Paris, had discovered this method of lighting their public ways and bridges, we find that the City of Boston, in the new world, through some of its public-spirited citizens, carefully began the study of the subject.

Boston was one of the pioneers in using gas in America. In 1821 the Massachusetts Legislature was petitioned by Josiah Quincy and others, to grant a charter for a smokeless fume made out of wood. In 1822 half a dozen leading business men got together in Boston to discuss the question of better light for that city. As a result they formed themselves into a company called the Boston Gas Light Company. They drew up a petition asking the legislature to incorporate them under that name, and in 1823 "An act to incorporate the Boston Gas Light Company" was passed, and approved by Governor Brooks. The following were the incorporators: William Prescott, Alexander Paris, Bryant T. Tilden, Nathan Hale and John C. Gray. These gentlemen were incor-

(593)

porated for the purpose of furnishing gas light in the City of Boston, with authority to have and use a common seal and authority to break and alter same at their pleasure. By their said corporate rights they had authority to hold real and personal estate in a sum not to exceed \$75,000. Power was also granted under the third section of the act of incorporation, to open ground, with the consent of the mayor and board of aldermen, in any part of the streets and lanes and highways for the purpose of sinking such pipes and conductors as might be necessary for the purpose aforesaid. The necessary authority was given to enable the company to issue capital stock, to levy assessments on stockholders, and to sell shares after advertising the same for two weeks in the public press. Finally power was given to William Prescott and Alexander Paris to call the first meeting of said Boston Gas Light Company.

Previous to the incorporation of the company by the legislature, the board of aldermen at a meeting held August 19, 1822, received a petition from Alexander Paris for leave to lay pipes in the streets of Boston for establishing gas lights. The petition was referred to a committee. On August 27, 1822, the committee reported granting leave to Alexander Paris to lay iron pipes underneath the sidewalks of the city, under the direction of the highways commissioner. There was trouble about laying the pipes across the streets, from one sidewalk to another, so, on September 4, 1822, permission was granted to lay the pipes across the streets. On November 18, 1822, we find the first record of pipes having been actually laid, when the gas company was authorized to lay a pipe in the middle of Franklin Street reaching to the theatre, instead of laying the said pipes under the sidewalk. Mr. Paris and the city seem to have had grave differences as to whether the gas pipes should be laid under the sidewalks or in the highways, and, for the purpose of having his rights in the matter settled definitely, Mr. Paris organized the Boston Gas Light Company and petitioned the legislature to give his company the power to lay pipes in the highway.

We have now passed the first part of the history of the organization of the Boston Gas Light company. Next to be considered are the actual manufacture and distribution of gas in the City of Boston. On January 2, 1828, William Vernon sold to Nathaniel Robinson, for the sum of \$7,501.50, a plot of land containing

15,003 feet, located on an unnamed street (now known as Hull Street). On September 24, Mr. Vernon sold him an additional piece of land adjoining the one formerly purchased, which contained 10,632 feet. Upon these two pieces of land the first gas plant was built. On January 1, 1829, the first public lamp was lighted in Dock Square. The inauguration of the use of gas as a medium for lighting was the occasion of a great demonstration at which the mayor of Boston and the aldermen made speeches of congratulation to the gentlemen in charge of the gas company, and promised them every assistance to increase the growth of their enterprise. The introduction of gas, as a medium for lighting, progressed slowly. On December 4, 1838, the city had twenty gas lamps. On May 1, 1839, it had 180 gas lamps. From 1839 to 1868 the number of gas lamps had increased to 4,312, and on July 1, 1907, to 10,182.

The prices paid for gas in the City of Boston have been as follows:

	Price per M cubic feet.
December 18, 1828, to January 1, 1844	\$5.00
January 1, 1844, to January 1, 1847	4.00
January 1, 1847, to January 1, 1851	3.50
January 1, 1851, to October 1, 1852	3.00
October 2, 1852, to April 1, 1860	2.50
April 1, 1860, to January 1, 1864	2.25
January 1, 1864, to July 1, 1864	2.50
July 1, 1864, to October 1, 1864	2.75
October 1, 1864, to January 1, 1865	3.00
January 1, 1865, to January 1, 1870	3.25
January 1, 1870, to April 1, 1871	3.00
April 1, 1871, to July 1, 1872	2.75
July 1, 1872, to April 1, 1876	2.50
April 1, 1876, to April 1, 1879	2.25
April 1, 1879, to January 1, 1883	2.00
January 1, 1883, to July 1, 1884	1.80
July 1, 1884, to April 1, 1887	1.50
April 1, 1887, to January 1, 1888	1.40
January 1, 1888, to May 1, 1893	1.30
May 1, 1893, to July 1, 1905	1.00
July 1, 1905, to January 1, 190695
January 1, 1906, to July 1, 190690
July 1, 1906, to July 1, 190785
July 1, 190780

About six years ago local financial interests, because of the reorganization of the New England Gas and Coke Company at Everett, obtained control of that corporation together with the Massachusetts Pipe Line Gas Company, Brookline Gas Light Company, Jamaica Plain Gas Light Company, and the Dorchester Gas Light Company, and soon after also secured controlling interests in the so-called Addicks group, consisting of the Boston Gas Light Company, South Boston Gas Light Company, Roxbury Gas Light Company, and the Bay State Gas Company, of Massachusetts.

It is well known that when the new interests secured control of the properties mentioned, the various companies were looked upon with disfavor by the public, and realizing that fact the present management has endeavored to conduct the business affairs of the corporations on a broad, liberal, business basis, believing that one of the most valuable assets that a public service corporation can have is the confidence of the public. During the first two or three years the present owners were prevented from accomplishing many things which they had been planning to do because of suits, injunctions, hearings, etc., and not until July 15, 1905, were the eight companies referred to above consolidated.

Since that date some of the press in different sections of the United States have been good enough to call the Boston Consolidated Gas Company a "model public service corporation." What has been done to deserve that compliment? The company started in to do business with the determination not only to do those things which it had to do, but to do many things which it did not have to do. On July 1, 1905, it voluntarily reduced the price of gas five cents, and again reduced it on January 1, 1906, five cents more. The company also commenced laying services free of charge, and looked after burners so that consumers could get the best results for their money.

The reduction in price of gas, referred to, together with the other things which the company did free of charge, resulted in a saving to the consumers of gas in the fiscal year ending June 30, 1906, of at least \$265,000. At the same time the company established what we originally called our "Missionary Department," consisting of some forty men whose duties are, primarily, to call on each of the one hundred and nineteen thousand customers, buying from us, and establish, so far as possible, mutual understanding and

confidence between the public and the company by taking up each individual case of complaint, whether past or present, investigating the same and thereby enabling the company, if possible, to satisfy the consumer.

In 1906 the company adopted the "sliding scale," which meant an immediate loss to its stockholders of 1 per cent, amounting to over one hundred and fifty thousand dollars per year. This "sliding scale" provides for a reduction of five cents per thousand, which reduction must be in force one year before the dividend to the stockholders can be increased 1 per cent.

The company also adopted the profit-sharing plan in favor of its employees, which provides that any person who has been in the employ of the company for one year or more, who is of good habits, faithful, energetic and honest, is paid the same premium or dividend on the amount of his compensation that the stockholder receives as dividend on his investment; thus, if the company pays its stockholders 7 per cent in dividends per year, the employees receive 7 per cent additional to their regular pay. The amount, however, is not paid to the employee in cash, but is credited to his account, and when there is a sufficient amount standing to his credit to buy one or more shares of the preferred stock of the Massachusetts Gas Companies the president is authorized to make the purchase for the employee. When the stock is once purchased, it becomes the absolute property of the employee, and he has a right to do with it as he sees fit, but before selling that stock he has to notify the president of his intention of doing so, and if there is any reason why the employee should sell it—because of the actual need of the money—he may dispose of it without restrictions. On the other hand, if there is no good reason, in the opinion of the chief executive, for the disposal of the stock by the employee, while the employee may dispose of it, he will be dropped from the profit-sharers' list in the future if he does so. Any balance that is not used for the purchase of stock is placed to the credit of the employee on the books of the company, and he is paid 4 per cent interest thereon.

By the profit-sharing plan the company not only gets better results from the employees, but it also encourages them to become frugal and economical. We now have about 690 employees that have an owner's interest in the business, because of this profit-sharing plan, and it is not necessary for me to say that under these

circumstances the company is bound to get better results than the corporation run in the ordinary way. Every employee is eligible as a profit sharer—except the president—whether he be an office boy at \$3.00 per week, or an engineer in charge of important departments. Under the profit-sharing plan the company will pay this year to its employees approximately \$60,000. The Boston Consolidated Gas Company to-day is as near a co-partnership of the investor, the employee and the public as it seems possible to obtain.

In the year ending June 30, 1904, the sales of the companies that now constitute the Boston Consolidated Gas Company, to consumers, were 3,012,948,650 cubic feet. The net profits for that year were \$1,176,262.80; the cost of gas at the burner \$0.6263, and the price to consumers \$1.00 per thousand cubic feet. In the year ending June 30, 1907, the sales to consumers were 3,771,504,045 cubic feet; net profits \$1,199,693.88; net cost at the burner \$0.5572, and the price to the consumers 85 cents per thousand cubic feet. When the present owners obtained control of the gas properties in Boston, because of conditions that existed in the past, the situation was not an ideal one from a physical standpoint. Immediately after consolidation, improvements were commenced by laying new mains, building new holders, enlarging and improving existing works and building new ones, and since consolidation, up to December 1, 1907, the company paid \$2,182,959.18 for improvements. The company was fortunate in having old property which could be sold, as the improvements were made, thus paying the larger portion of the sum mentioned.

Gas is now furnished by the Consolidated Company to consumers in Boston, Chelsea, South Boston, Roxbury, Dorchester, Jamaica Plain, Hyde Park, Dedham, Brookline, Brighton, Allston, Newton, Waltham and a portion of Charlestown. The gas for the districts mentioned is generated in the plant at Commercial Point, which has a capacity of 8,000,000 cubic feet per day (2,000,000 feet coal gas and 6,000,000 feet water gas); and at the Calf Pasture Station 6,000,000 cubic feet per day (water gas). In addition to the above quantities the Consolidated Company obtains from the New England Gas and Coke Company, approximately 6,000,000 cubic feet of coal gas per day. The New England Gas and Coke Company is owned by the same interests which own the Consolidated Com-

pany, and has the same chief executive. The Consolidated Company is now building another new plant which, when completed in the early fall of 1908, will have a capacity of 11,000,000 feet per day.

The sales of the Boston Consolidated Gas Company for the six months ending December 31, 1907, were 2,374,721,000 feet, of which 2,093,505,000 feet were sold to consumers, and the balance to other companies. The sales for the last six months show a much larger increase than the company has ever had before.

Those who have been familiar with public affairs in Massachusetts during the past few years will remember the active part that Mr. Louis D. Brandeis and others have taken in the subject of public service corporations. In the November issue of the "Review of Reviews" appears an article written by Mr. Brandeis, and I take pleasure in quoting from that article the following:

"Boston has reaped from the sliding scale system far more than cheaper gas and higher security values. It has been proved that a public service corporation may be managed with political honesty, and yet successfully, and that its head may become a valuable public servant. The officers and employees of the gas company now devote themselves strictly to the business of making and distributing gas, instead of dissipating their abilities, as heretofore, in lobbying and political intrigue. As a result, gas properties which throughout the greater part of twenty years had been the subject of financial and political scandals, developing ultimately bitter hostility on the part of the people, are now conducted in a manner so honorable as to deserve and to secure the highest public commendation."

Results, such as have been achieved in the gas industry of Boston, are by no means due to the chief executive alone. To make a public service corporation a success—which means that it must be mutually beneficial to the public, the employee and the investor—the chief executive must have not only the assistance of his directors and the loyal support of the employees, but, also, the confidence and hearty co-operation of the public.